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C O N F I D E N T I A L SECTION 01 OF 03 BEIRUT 001728

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NSC FOR ABRAMS/SINGH/GAVITO/YERGER

E.O. 12958: DECL: 11/03/2027

TAGS: PGOV PREL PTER PARM SY IS LE

SUBJECT: LEBANON: PREVIEWING U.S. RESPONSE TO AN ILLEGAL

SECOND GOVERNMENT

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Classified By: Ambassador Jeffrey Feltman for Reasons: Section 1.4 (b) and (d).

- 11. (C) Summary: Representatives from the opposition, predictably, protested what they view as U.S. interference in internal Lebanese affairs in response to Ref A demarche regarding economic and travel ramifications for those who participate in an unconstitutional government in Lebanon. Many viewed it as the U.S. siding with the "illegitimate" Siniora government when instead, they argued, the U.S. should be encouraging consensus on a president. Few, however, actually envisioned a second cabinet, in part due to the threat of U.S. sanctions. End summary.
- 12. (C) Post delivered Ref A demarche to the following: informal advisor to President Emile Lahoud Wadih al-Khazen, Lahoud lawyer Selim Jeressaiti, Lebanese Armed Forces (LAF) Commander Michel Sleiman, Central Bank Governor Riad Salameh, former PM Najib Mikati, Free Patriotic Movement leader Michel Aoun, Aoun bloc MPs Ibrahim Kanaan, Salim Salhab, Walid Khoury, Elie Skaff and Hagop Pakrudunian, Suleiman Franjieh advisors Raymond J. Araygi and Richard Haykal (AmCit), Parliament Speaker Berri's advisor Ali Hamdan, and would-be (mostly in his own mind) alternative Prime Minister Fouad Makhzoumi. We are certain that these contacts will disseminate the message further.
- ¶3. (C) On October 29, the Ambassador met with former Minister Wadih al-Khazen, who serves as an informal advisor to President Emile Lahoud, to discuss steps the U.S. will take Ref A in case Lahoud appoints an illegal cabinet or extends his term beyond his midnight on November 23 mandate. Khazen stated that he understood the message and that he already knew Lahoud would not appoint a second cabinet, in part because of the threat of U.S. sanctions. Khazen wanted confirmation that the U.S. would not pursue Lahoud legally should he exit Baabda Palace on time. Khazen also used the occasion to pitch that the USG not support "half-plus-one" presidential elections, a step he said would lead to violence in the streets. Instead, he argued, the USG should help

broker a consensus choice. Revealing his true Maronite heart, he suggested that he might be able to fit the bill of a president who could satisfy both March 8 and March 14.

- ¶4. (C) The Ambassador met with Selim Jeressaiti, Lebanese President Emile Lahoud's affable lawyer, on October 27. Jeressaiti expressed consternation, noting that it was in part because of the U.S. visa ban and Executive Order that Lahoud had defied Syrian and Hizballah demands that he appoint a second cabinet before leaving office. But Lahoud cannot simply allow the "non-existent and illegal" (by virtue of the lack of Shia representation) Siniora cabinet to assume the powers of the presidency. If there is no president-elect and no 'legal' cabinet to which presidential powers would pass, then Lahoud has no choice but to stay in Baabda Palace to prevent a constitutional vacuum. The Ambassador repeated the probable implications of such a decision and urged Jeressaiti to help prevent such a scenario by seeing a credible, made-in-Lebanon president elected before November ¶23.
- 15. (C) On October 30, the Ambassador met one-on-one with LAF Commander Michel Sleiman (ref E). Sleiman agreed the LAF cannot stay in the barracks should trouble break out. Staying on the sidelines risks breaking LAF unity perhaps even more than trying to take action, he said, adding that the LAF would try to "freeze" the situation on the ground as it is now, taking action against any force that moves, whether from March 8 or March 14. He expressed hope that the LAF would be able to prevent any violence by making it clear that it will react against any party, no matter what the political allegiance, that tries to commit violence. (Comment: This is an improvement in his stated position compared to his earlier vows to withdraw the LAF to the barracks in the case of violence. We believe that Walid Jumblatt deserves some credit in stiffening Sleiman's spine,

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since Jumblatt told Sleiman that the Druse officers and soldiers would quit the LAF, should the army be inactive in the face of violence. End comment.)

- 16. (C) Central Bank Governor Riad Salameh told the Ambassador on October 31 (Ref C) that the CBL would remain on the side of "legitimacy." He said he understood the ramifications of backing a "rogue" government, and he would not permit the bank to do so. He noted, however, a problem related to his own personal security: if he is killed, the CBL's First Vice President -- a Shia linked to Nabih Berri and Hizballah -- would automatically become governor and likely not be as firm as Salameh about remaining on the side of legitimacy. If there is a lingering crisis over the presidency, cabinet formation, and government program, Salameh estimated the CBL would need USD four billion in 2008 in deposits to maintain financial stability. If there is a quick end to the current political crisis, he thought that the current dollarization rate of 76 percent would drop to somewhere between 65 and 70 percent, making the additional dollar deposits unnecessary. As for his own presidential prospects, Salameh assessed them at around "30 percent."
- 17. (S) The Ambassador met former Prime Minister Najib Mikati on October 31 (Ref B), given Mikati's once (and perhaps ongoing) close ties to Syria's al-Asad family and the Mikati family's extensive wealth. Mikati listened with interest, telling the Ambassador that the Mikatis had no intention of opposing the legitimate cabinet, and calling his perpetually unkempt but reportedly brilliant nephew Azmi (who runs the Mikati business empire and is rumored to have increased his links with Bashar al-Asad to compensate for Uncle Najib's tactical retreat from contact with Bashar) to join the meeting to hear the message repeated. While making it clear that the Mikatis would not risk their fortune, Azmi grumpily accused the USG of interfering in domestic politics. How, he asked, is the national security interests of the United States harmed if Lahoud stays in Baabda Palace an extra week

- 18. (C) The Ambassador met with Free Patriotic Movement leader General Michel Aoun on October 26 (Ref D). When the Ambassador brought up Ref A points, an otherwise cordial Aoun became noticably upset, stating, "You are interfering." No, the Ambassador said, we are supporting the single, legitimate state of Lebanon. Please, the Ambassador said, do not allow yourself or your movement to be involved with a second cabinet, the prolongation of Lahoud's residence in Baabda, or street violence aimed at taking over GOL institutions. There will be consequences. "O.k, O.k," Aoun said. "But don't threaten me."
- 19. (C) Aounist MP Ibrahim Kanaan, meeting with the DCM on October 28, deemed the U.S. message ill-advised, arguing that it will provide cover for Syria to interfere in Lebanon "in its way" because the U.S. is interfering in our way. It would be better for the U.S. to promote adherence to UNSCRs, including 1559 and 1701, and encourage parties to compromise on the presidency. Both he and Aounist MP Farid Kazen promoted variations of an interim presidency (six months or three years).
- 110. (C) DCM also conveyed message to MPs from the Greek Catholic and Armenian parties allied with Aoun, to reach those communities. Meeting with PolEcon chief, Aoun MP Salim Salhab rejected the idea of a second cabinet, saying it would be a "catastrophe" for Lebanon, and he would not participate in it. He also claimed that enough Aoun MPs would support a consensus candidate to make the election of a new president possible. Aoun MP Walid Khoury was less optimistic, noting the possibility that, while Lahoud might step down, he might declare a state of emergency that would leave the military in charge indefinitely. He criticized the U.S. for taking sides with one party, noting that the E.O. benefits a government that is lacking in legitimacy. Instead, he said, the U.S. should encourage dialogue among the various parties to find a consensus candidate.
- 111. (C) Marada leader Suleiman Franjieh's advisors, Raymond Araygi and Richard Haykal (an Amcit, who called us the day before the meeting to ask whether his name would be on the list after local press announced that a new list was

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forthcoming), whom we had met with to discuss Ref A E.O. when it was announced in August, continued to protest U.S. interference in Lebanon's affairs. Haykal wondered how the U.S. would apply the E.O. if the American University Hospital receives payment from the Ministry of Health, which is under control of the opposition. Franjieh was trying to play a productive role in reaching a consensus candidate and had nearly been successful in convincing Aoun to renounce his own presidential aspirations, they claimed, a lost opportunity. Haykal denied reports that the Marada party is rearming, adding that it is common for people to have guns at home for their personal protection.

- 112. (C) Amal leader Nabih Berri's advisor Ali Hamdan criticized the E.O. for supporting the "undemocratic" Siniora government. He asked if the U.S. was intent on punishing those who create a second government, it would "reward" those, like his boss Speaker Berri, who were working to find a solution to the crisis.
- 113. (C) On November 4, the Ambassador also conveyed the message to National Dialogue Party chief Fouad Makhzoumi, occasionally mentioned as a possible prime minister in a second cabinet. Makhzoumi, while not pleased with the message, said that he took it seriously and would not join a second cabinet. He attempted instead to convince the Ambassador that he would be a most appropriate replacement for Fouad Siniora as head of a legitimate cabinet. FELTMAN